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Gaming; Restrictions on Affiliates of Licenses

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7. Id. §8 (adding to NRS Ch. 463).
8. Id. §9 ¶ ¶1, 4 (adding to NRS Ch. 463).
9. Id. §9 ¶ ¶2, 4(adding to NRS Ch. 463).
10. Id. §9 ¶ ¶3, 4 (adding to NRS Ch. 463).
11. Id. §10, ¶1 (adding to NRS Ch. 463).
12. Id. §10 ¶ ¶10, 11 (adding to NRS Ch. 463).
13. Id. §10 ¶6 (adding to NRS Ch. 463).
14. Id. §10 (adding to NRS Ch. 463).
15. Id. §11 (adding to NRS Ch. 463).
16. Id.
17. Id.
18. NRS 463.487.
19. NRS 463.645 (amended by 1979 Nev. Stats. ch. 320 §1).
20. Ch. 662 §11 (adding to NRS Ch. 463).
21. Id. §12 ¶1(a) (adding to NRS Ch. 463).
22. Id. §12 ¶1(b) (adding to NRS Ch. 463).
23. Id. §12 ¶2 (adding to NRS Ch. 463).
24. Id. §13 ¶1 (adding to NRS Ch. 463).
25. Id. §13 ¶2 (adding to NRS Ch. 463).
26. Id. §6 ¶2 (adding to NRS Ch. 463); see NRS 463.130 (amended by 1979 Nev. Stats. ch. 235 §1).
27. Ch. 662 §19 (amending NRS 463.615).
28. 1977 Nev. Stats. ch. 570 §3, at 1424 (NRS 463.160) (amended by Ch. 662 §14).
29. Ch. 662 §14 (amending NRS 463.160(6)).
30. Id. §17 (adding NRS 463.386(5)).
31. Id. §20 (amending NRS 463.635(1)(a)).
32. Id. §20 (amending NRS 463.635(1)(b)).

GAMING; RESTRICTIONS ON AFFILIATES OF LICENSES

Amends NRS 463.165, 463.1645

SB 165 (Committee on Judiciary); STATS 1979, Ch 320

(Effective May 10, 1979)

Chapter 320 extends certain restrictions on gaming licenses to affiliates of licensees. Neither licensees nor their affiliates may pay, employ, or contract with persons denied licenses by the Nevada gaming commission (hereinafter "commission") unless the commission first approves the arrangement.¹

Prior to enactment of Chapter 320, licensees could not enter into a contract with a person who had been denied a license or whose license had been revoked by the commissions.² A licensee could employ such a person (hereinafter "unsuitables") only if the commission granted prior approval.³ Once the commission notified a licensee that an employee was no longer licensed, the licensee could not pay the employee for further services.⁴ All contracts for personal services were deemed to include a clause providing for termination of the agreement should the commission find the employee unsuitable.⁵ Failure to include the clause was not a defense to an action to terminate the agreement.⁶

A licensee could, however, enter a "bona fide entertainment" contact with an unsuitable.⁷ Chapter 320 eliminates this exception;⁸ if an entertainer is found unsuitable, his contract will be terminated without liability to the hiring licensee.⁹ Entertainers who entered contracts before enactment of Chapter 320 should be unaffected by the act.¹⁰ However, Chapter 320 allows licensees and affiliates to contract with unsuitables if prior approval of the commission is obtained.¹¹ Apparently, this gives the commission the discretion to allow bona fide entertainment contracts between licensees and unsuitables.

Finally, Chapter 320 extends the restrictions on employing and contracting with unsuitables (now including entertainment contracts) to affiliates of licensees.¹² An "affiliate" is one who "directly or indirectly through one or more intermediaries, control is controlled by or is under common control with a gaming licensee."¹³

Lorne Malkiewich

FOOTNOTES

1. The restrictions of Chapter 320 apply to individual licensees and corporate licenses. For convenience, "licensee" refers to both individual and corporate licensees.

2. 1977 Nev. Stats. ch. 571 §§3 ¶5, 5 ¶2, at 1425 (NRS 463.165(5), 463.645(2), amended by 1979 Nev. Stats. ch. 320 (hereinafter "Ch. 320") §1, 2). Note that NRS 463.165 is also amended by 1979 Nev. Stats. ch. 662 §15 to add limited partnerships.
3. 1977 Nev. Stats. ch. 571 §§3 ¶6; 5 ¶3, at 1425 (NRS 463.165(6), 463.645(3), amended by Ch. 320 §1, 2).
4. 1977 Nev. Stats. ch. 571 §§3 ¶4, 5 ¶1, at 1426 (NRS 463.165(4), 463.645(1), amended by Ch. 320 §1, 2).
5. Id.
6. Id.
7. 1977 Nev. Stats. ch. 571 §§3 ¶5, 5 ¶2, at 1426 (NRS 463.165(5), 463.645(2), amended by Ch. 320 §1, 2).
8. Ch. 320 §1, 2 (amending NRS 463.165(5), (6), 463.645(1), (2), (3)).
9. Ch. 320 §1, 2 (amending NRS 463.165(4), 463.645(1)).
10. U.S. CONST. art I §10; NEV. CONST. art. 1 §15 (prohibiting state impairment of obligation of contract). But see Koscot Interplanetary, Inc. v. Draney, 90 Nev. 450, 457-58, 530 P.2d 108, 113 (1974) (constitutional interdiction against the impairment of the obligation of contract does not prevent a state in the reasonable exercise of its police power from enacting laws to intended to benefit the public).
11. Ch. 320 §1, 2 (amending NRS 463.165(5), 463.645(2)).
12. Ch. 320 §1, 2 (amending NRS 463.165(4), (5), (6), 463.645).
13. Ch. 320 §1 (adding NRS 463.165(7)). See Ch. 320 §2 (amending NRS 463.645).

GAMING; APPOINTMENT OF SUPERVISORS

Adds to NRS Title 41

Amends NRS 463.315

SB 500 (Committee on Judiciary); STATS 1979, Ch 441

Chapter 441 allows the Nevada gaming commission (hereinafter "commission") to petition for appointment of a supervisor to manage a gaming establishment after a license is suspended or revoked. This will allow a gaming establishment to remain in business though an essential person has lost his license. The purpose of the bill is to avoid the damaging economic results of closing a gaming establishment without